



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0608	<b>Title:</b>	Revise commercial pet breeders laws
<b>Primary Sponsor:</b>	MacDonald, Margaret (Margie)	<b>Status:</b>	As Introduced

- |                                                           |                                                                  |                                                          |
|-----------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$54,942	\$156,838	\$153,304	\$155,603
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$54,942	\$156,838	\$153,304	\$155,603
<b>Net Impact-General Fund Balance:</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Description of fiscal impact:** HB 608 requires that a Board of Commercial Breeders be established by the Department of Labor and Industry. It requires the Department of Livestock state veterinarian or the state veterinarian's designee to inspect pet breeding facilities upon start-up and once per year thereafter. A state special revenue account will be established, with fees dedicated to administering the program.

### **FISCAL ANALYSIS**

#### **Assumptions:**

#### **Department of Labor and Industry (DLI)**

1. Establishing the board, recruiting its members, drafting rules and completing the rule making process will occur in FY 2016. Inspections will begin in FY 2017.
2. There will be an eight member board that will meet at least quarterly (four in-person meetings per year) and meet an additional four times in the first year by conference call to set up the board and write rules. Each in person meeting will be two days in length and will include board member preparation time and travel time. Board members will receive \$50 per-diem for their time for a total of \$4,800.
3. Estimated mileage costs for board member travel is estimated at \$7,360.

4. Estimated overnight lodging for board members will have a total cost of \$3,047.
5. Estimated meal costs would be \$1,120 in FY 2016 and \$928 in the second and subsequent years.
6. Total board member's per-diem and travel costs are estimated to be \$16,327 the first year of the biennium and \$14,535 the second year of the biennium.
7. The board will propose and adopt rules to implement the legislation. It is estimated that will be a fifteen page rule notice and five page adoption notice. Total cost \$1,000 to the Secretary of State for notice and publication.
8. Interested parties will be mailed a postcard directing them to the board's website so they may review the full content of the rule proposal. It is estimated there will be an initial list of 100 interested parties including those who would be affected by licensure. The total cost would be \$100 for these mailings.
9. There will be a public hearing for comment estimated at two hours in duration. The board will have a hearing officer and court reporter present to preside and provide a transcript of comments received. The total estimated cost for hearings would be \$440.
10. The board will use DLI legal services to assist in rule drafting, responses to comments received, and preparation of the adoption notice. Legal costs for rule making assistance and providing counsel in the set-up of a new licensing board are estimated to be at a minimum 120 hours for a total in the first year of the biennium of \$11,400.
11. The total estimated costs for rule making and legal assistance in the first year \$12,940.
12. It is estimated it will take a 0.20 FTE to administer the program. The estimated cost for a 0.20 FTE Administrative Specialist is \$12,997 (salary, benefits, CAP expenses). Reviewing and processing of license applications could be performed by existing staff. CAP expenses are recorded as operating.
13. It is assumed the board's assigned legal counsel, in addition to assisting with board set up and rulemaking in the first year of the biennium, will spend four hours preparing for each board meeting and attending all four quarterly meetings for a total of 48 billable hours for \$4,560 in legal costs the second and subsequent years.
14. Fixed costs and indirect costs for the division are estimated at 30% of total board costs. It is assumed this board would have fixed and indirect costs at a minimum of \$12,678.90 the first year and \$9,627.47 the second and subsequent years.
15. The total estimated costs would be \$54,942 in FY 2016 and \$41,719 in FY 2017 and subsequent years.
16. This legislation requires inspection of each breeding facility upon application and initial licensure and annually thereafter. There is a requirement that the inspections be conducted by the State Veterinarian or his designated appointee. It is assumed the board would be responsible for the direct payment of costs to the Department of Livestock in amounts to be determined by that department.
17. The number of licensees is unknown. Licensing and inspection fees will be set commensurate with costs. For purposes of this fiscal note, it is assumed that the fee will cover administrative costs in the DLI and the inspection costs at DOL.

**Department of Livestock (DOL)**

18. It is assumed that inspections would begin in FY 2017.
19. It is assumed the Department of Livestock will need a 0.50 veterinarian to authorize and administer certifications and 1.00 FTE compliance specialist to inspect statewide facilities requiring certification.
20. The Department of Livestock would require a leased vehicle for the compliance specialist at an estimated cost of \$9,670 each year.
21. The department would need 2 laptops will be needed and 2 office desks and chairs for a cost of \$5,800 in FY 2017.
22. Per-diem costs for the compliance specialist are projected to be \$822 each year.
23. Funding would come from the fees assessed by the DLI.

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	0.20	1.70	1.70	1.70
<b><u>Expenditures:</u></b>				
Personal Services DOL	\$0	\$98,827	\$100,309	\$101,814
Operating Expenses DOL	\$0	\$16,292	\$10,649	\$10,809
Personal Services DLI	\$16,826	\$15,226	\$15,454	\$15,686
Operating Expenses DLI	\$38,116	\$26,493	\$26,890	\$27,294
Transfers	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b><u>\$54,942</u></b>	<b><u>\$156,838</u></b>	<b><u>\$153,304</u></b>	<b><u>\$155,603</u></b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$54,942</u>	<u>\$156,838</u>	<u>\$153,304</u>	<u>\$155,603</u>
<b>TOTAL Funding of Exp.</b>	<b><u>\$54,942</u></b>	<b><u>\$156,838</u></b>	<b><u>\$153,304</u></b>	<b><u>\$155,603</u></b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$54,942</u>	<u>\$156,838</u>	<u>\$153,304</u>	<u>\$155,603</u>
<b>TOTAL Revenues</b>	<b><u>\$54,942</u></b>	<b><u>\$156,838</u></b>	<b><u>\$153,304</u></b>	<b><u>\$155,603</u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*